Calendar No. 437

109TH CONGRESS *2d Session* | SENATE | REPORT 109–256

FINANCIAL SERVICES REGULATORY RELIEF ACT OF 2006

MAY 18, 2006.—Ordered to be printed

Mr. CRAPO, from the Committee on Banking, Housing, and Urban Affairs, submitted the following

R E P O R T

[To accompany S. 2856]

The Committee on Banking, Housing, and Urban Affairs, which took up an original bill, having considered the same, reports favorably thereon and recommends that the bill do pass.

INTRODUCTION

On May 4, 2006, the Senate Committee on Banking, Housing, and Urban Affairs considered a Committee Print, entitled "The Financial Services Regulatory Relief Act of 2006," a bill to provide regulatory relief and improve productivity for insured depository institutions, and for other purposes. The Committee passed the bill by voice vote.

PURPOSE OF THE LEGISLATION

Regulatory burdens imposed on the financial services industry have grown over time. Some of these requirements have become obsolete or unnecessary. The purpose of this legislation is to lessen the regulatory burden, so banks, thrifts, and credit unions can better serve their customers and communities.

HEARINGS

The Committee heard testimony in the 109th Congress on March 1, 2006, regarding the consideration of regulatory relief proposals. The witnesses testifying were: John M. Reich, Director, Office of Thrift Supervision; Gavin M. Gee, Director of Finance, Idaho Department of Finance; Donald L. Kohn, Governor—Federal Reserve Board of Governors, Federal Reserve System; Douglas H. Jones, Acting General Counsel, Federal Deposit Insurance Corporation;

Julie L. Williams, First Senior Deputy Comptroller and Chief Counsel, Office of the Comptroller of the Currency; JoAnn Johnson, Chairman—Board of Directors, National Credit Union Administration; Linda Jekel, Chair and Director of Credit Unions, National Association of State Credit Union Supervisors; Bradley Rock, President and CEO, Bank of Smithtown; Edmund Mierzwinski, Consumer Program Director, U.S. Public Interest Research Group; F. Weller Meyer, President and CEO, Acacia Federal Savings Bank; H. Greg McClellan, President and CEO, MAX Federal Credit Union; Travis Plunkett, Legislative Director, Consumer Federation of America; Steve Bartlett, President and CEO, Financial Services Roundtable; Joe McGee, President and CEO, Legacy Community Federal Credit Union; Margot Saunders, Managing Attorney, National Consumer Law Center; and Terry Jorde, President and CEO, CountryBank USA.

The Committee had previously heard testimony on June 21, 2005, regarding the consideration of regulatory relief proposals. The witnesses testifying were: John M. Reich, Vice Chairman, Federal Deposit Insurance Corporation; Julie L. Williams, Acting Comptroller, Office of the Comptroller of the Currency; Mark W. Olson, Member, Board of Governors, Federal Reserve System; Richard M. Riccobono, Acting Director, Office of Thrift Supervision; JoAnn Johnson, Chairman—Board of Directors, National Credit Union Administration; Eric McClure, Commissioner, Missouri Division of Finance; Steve Bartlett, President and CEO, Financial Services Roundtable; Carolyn Carter, Counsel, National Consumer Law Center; Arthur R. Connelly, Chairman and CEO, South Shore Savings Bank; David Hayes, President and CEO, Security Bank; Christopher A. Korst, Senior Vice President, Rent-A-Center, Inc.; Chris Loseth, President and CEO, Potlatch No. 1 Federal Credit Union; Ed Pinto, President, Courtesy Settlement Services LLC; Eugene Maloney, Executive Vice President, Federated Investors, Inc.; Travis Plunkett, Legislative Director, Consumer Federation of America; Bradley Rock, President and CEO, Bank of Smithtown; and Michael Vadala, President and CEO, The Summit Federal Credit Union.

The Committee also heard testimony in the 108th Congress on June 22, 2004, regarding the consideration of regulatory relief proposals. The witnesses testifying were: Mary L. Landrieu, United States Senator; Blanche Lambert Lincoln, United States Senator; Donald Kohn, Member of the Board of Governors of the Federal Reserve; John M. Reich, Vice Chairman, Federal Deposit Insurance Corporation; JoAnn Johnson, Chair, National Credit Union Administration; John Bowman, Chief Counsel, Office of Thrift Supervision; John Allison, Mississippi State Banking Commissioner; Roger W. Little, Deputy Commissioner, Credit Union Division, Division of Financial Institutions, State of Michigan; Mark Macomber, President and CEO, Litchfield Bancorp; Edward J. Pinto, President & CEO, Lenders Residential Asset Company LLC; Dale L. Leighty, Chairman/President, First National Bank of Las Animas; Bradley Rock, President and CEO, Bank of Smithtown; Eugene Maloney, Executive Vice President, Federated Investors, Inc.; Marilyn F. James, CEO of NEPCO Federal Credit Union; Margot Saunders, Managing Attorney, National Consumer Law Center; Edmund Mierzwinski, Consumer Program Director, U.S.

Public Interest Research Group; Julie Williams, First Senior Deputy Comptroller and Chief Counsel, Office of the Comptroller of the Currency; William Cheney, President/CEO, Xerox Federal Credit Union; and William A. Longbrake, Vice Chair, Washington Mutual Incorporated.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title; table of contents

This section provides a short title and table of contents.

Section 101. Rulemaking required for revised definition of broker in the Securities Exchange Act of 1934

Prior to passage of the Gramm-Leach-Bliley Act ("GLBA"), banks were exempt from the definition of "broker" under the Securities Exchange Act of 1934 ("Exchange Act") and therefore not required to register as a broker under the Exchange Act.

Section 201 of GLBA repealed the banks' blanket exemption and replaced it with a series of activity-specific statutory exceptions. Thus, as long as a bank is engaged in these "traditional banking activities," it would not be subject to broker-dealer regulation by the Securities and Exchange Commission ("SEC"). These activities would, however, continue to be supervised by the Federal bank regulators.

Section 101 directs the SEC to consult with and seek the concurrence of the Federal banking agencies in implementing the exceptions to the definition of broker under Section 201 of GLBA. Section 101 also provides for expedited judicial review in the event that one of the Federal banking agencies decides to challenge a final rule by the SEC on the grounds that it is not consistent with the purposes and language of Section 3(a)(4) of the Exchange Act. Section 101 in no way amends or otherwise affects the provisions of Section 25 of the Exchange Act permitting private parties to challenge a rule adopted by the SEC. In addition, Section 101 provides that (1) upon enactment, no rules previously issued by the SEC with regard to the bank exception from the definition of "broker" under Section 3(a)(4) of the Exchange Act (whether or not issued in final form) shall have any force or effect as of the date of enactment of GLBA, and (2) the final rule issued in accordance with Section 101 shall supersede such previous rules.

Section 201. Authorization for the Federal Reserve to pay interest on reserves

This section authorizes the payment of interest on balances held by depository institutions at a Federal reserve bank.

Section 202. Increased flexibility for the Federal Reserve Board to establish reserve requirements

This section provides the Federal Reserve with greater flexibility to set the ratio of reserves a depository institution must maintain against its transaction accounts, allowing a zero reserve ratio, if appropriate.

Section 301. Voting in shareholder elections

This section permits a national bank to provide in its articles of association which method of electing its directors best suits its business goals and needs—a national bank could choose whether to allow cumulative voting, which is mandated by the current law.

Section 302. Simplifying dividend calculations for national banks

This section provides more flexibility than current law to a national bank to pay dividends as deemed appropriate by its board of directors. Consistent with safety and soundness, the amendment retains the current requirements that Office of the Comptroller of the Currency ("OCC") approval is necessary if the dividend exceeds a certain amount. These same dividend approval requirements apply to State member banks with the exception that the Federal Reserve Board is the approval authority rather than the OCC.

Section 303. Repeal of obsolete limitation on removal authority of the Comptroller of the Currency

This section gives the OCC the same removal authority as the other banking agencies to remove an institution-affiliated party ("IAP") from the banking business.

Section 304. Repeal of obsolete provisions in the Revised Statutes

This section deletes references to two obsolete provisions regarding capital requirements, but makes no changes to the requirement that a national bank may not reduce its capital unless approved by shareholders owning two-thirds of its capital stock and by the OCC.

Section 401. Parity for savings associations under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940

This section exempts Federal savings associations from the investment adviser and broker-dealer regulatory requirements to the same extent that banks are exempt under the Investment Advisers Act of 1940 and the Securities and Exchange Act of 1934.

Section 402. Repeal of overlapping rules governing purchased mortgage servicing rights

This section repeals the overlapping, obsolete requirements governing purchased mortgage servicing rights ("PMSRs") in the Home Owners" Loan Act. Section 475 of the Federal Deposit Insurance Corporation Improvement Act of 1991 will continue to govern the valuation of PMSRs for savings associations and other depository institutions. Section 475 already permits overriding the valuation limit, and repealing this provision will simply eliminate potential confusion without sacrificing safety and soundness objectives.

Section 403. Clarifying citizenship of Federal savings associations for Federal court jurisdiction

This section expressly provides that a Federal savings association is only a citizen of the State in which its home office is located for purposes of determining diversity jurisdiction.

Section 404. Repeal of limitation on loans to one borrower

This section eliminates the limitation in the loans to one borrower provision applicable to thrifts that restricts loans to develop

domestic residential housing units to units with a purchase price that does not exceed $500,000. It does not alter the overall limitation of the lesser of $30 million or 30% of a savings association's unimpaired capital and unimpaired surplus for residential housing development.

Section 501. Leases of land on Federal facilities for credit unions

This section gives military and civilian authorities responsible for buildings erected on Federal property the discretion to extend to credit unions that finance the construction of credit union facilities on Federal land real estate leases at minimal charge.

Section 502. Increase in general 12-year limitation of term of Federal credit union loans to 15 years

This section increases the maturity limitation on Federal credit union loans from 12 to 15 years.

Section 503. Check cashing and money transfer services offered within the field of membership

This section amends the Federal Credit Union Act to allow Federal credit unions to sell negotiable checks, money orders, and other similar transfer instruments, including international and domestic electronic fund transfers, to anyone eligible for membership, regardless of their membership status.

Section 504. Clarification of definition of net worth under certain circumstances for purposes of prompt corrective action

This section amends the Federal Credit Union Act's prompt corrective action requirements by redefining a credit union's net worth as the retained earnings balance of the credit union (as determined under generally accepted accounting principles, as under current law), together with any amounts that were previously retained earnings of any other credit union with which the credit union has merged.

Section 601. Reporting requirements relating to insider lending

This section eliminates certain reporting requirements currently imposed on banks and their executive officers and principal shareholders related to lending by banks to insiders. This would not alter restrictions on the ability of banks to make insider loans or limit the ability of Federal banking agencies to take enforcement action against a bank or its insiders for violation of lending limits.

Section 602. Investments by insured savings associations in bank service companies authorized

This section provides investment authority for banks and thrifts to participate in bank service companies, while preserving existing activity and geographic limits and maximum investment rules, as well as the roles of the Federal regulatory agencies with respect to subsidiary activities of the institutions under their primary jurisdiction.

Section 603. Authorization for member bank to use pass-through reserve accounts

This section permits banks that are members of the Federal Reserve System to count as reserves the deposits in other banks that are "passed through" by those banks to the Federal Reserve as required reserve balances. Nonmember banks already are able to use such pass-through reserve accounts.

Section 604. Streamlining reports of condition

This section directs all Federal banking agencies to conduct a review of call report requirements every five years to determine which data requirements are no longer necessary or appropriate.

Section 605. Expansion of eligibility for 18-month examination schedule for community banks

This section amends the Federal Deposit Insurance Act to increase from $250 million to $500 million the asset size of well-capitalized, well-managed institutions eligible for the extended 18-month examination schedule.

Section 606. Streamlining depository institution merger applications requirements

This section eliminates the requirement that each federal banking agency must request a competitive factors report from the other three federal banking agencies as well as from the Attorney General. The amendment decreases the number to two, with the Attorney General continuing to be required to consider the competitive factors involved in each merger transaction and the Federal Deposit Insurance Corporation ("FDIC"), as insurer, receiving notice even where it is not the appropriate banking agency for the particular merger. Federal banking agencies are not required to request a competitive factors report if they find that they must act on a merger application immediately to prevent the probable failure of a depository institution involved in the transaction, or the transaction consists of a merger solely between an insured depository institution and one or more of its affiliates.

Section 607. Nonwaiver of privileges

This section provides that a depository institution does not waive any privilege it may claim with respect to information when it submits such information to a Federal, State, or foreign bank regulator as part of the supervisory process.

Section 608. Clarification of application requirements for optional conversion for Federal savings associations

This section clarifies that conversions which result in more than one bank require deposit insurance applications from the resulting institutions, as well as review and approval by the appropriate Federal banking agency. In addition, the amendment clarifies that no applications under Section 18(c) of the Federal Deposit Insurance Act would be required for such conversions.

Section 609. Exemption from disclosure of privacy policy for accounting firms

This section exempts from compliance with the disclosure requirements of section 503(a) of GLBA certified public accountants that are subject to State law that prohibits the disclosure of a consumer's nonpublic personal information without the knowing and expressed consent of the consumer.

Section 610. Inflation adjustment for the small depository institution exception under the Depository Institution Management Interlocks Act

This section increases the small depository institution exemption limit under Depository Institution Management Interlock Act ("DIMIA") from $20 million in assets to $50 million in assets. Unless the institutions have less than $20 million in assets, DIMIA currently prohibits a management official of one institution from serving as a management official of any other nonaffiliated depository institution or depository institution holding company if the institutions or an affiliate of such institutions have offices that are located in the same metropolitan statistical area. The amendment increases this exemption threshold to $50 million in assets.

Section 611. Modification to cross marketing restrictions

This section allows depository institution subsidiaries of a financial holding company to engage in cross-marketing activities with portfolio companies that are held under GLBA merchant banking authority to the same extent as such activities are currently permissible for portfolio companies held under GLBA insurance company investment authority.

Section 701. Statute of limitations for judicial review of appointment of a receiver for depository institutions

This section provides for a 30-day period for a party to judicially challenge a determination by the OCC to appoint a receiver for a national bank. This section also amends the Bank Conservation Act and the Federal Deposit Insurance Act to provide greater consistency regarding the time an insured depository institution has to challenge the appointment of a receiver.

Section 702. Enhancing the safety and soundness of insured depository institutions

This section clarifies the discretionary authority of the Federal banking agencies to enforce (1) any condition imposed in writing in connection with any action on any application, notice, or other request, or (2) any written agreement between the agency and an IAP, particularly those in which an IAP or controlling shareholder agrees to provide capital to the depository institution, without showing unjust enrichment or limiting recovery to 5% of the institution's assets at the time it became undercapitalized. Also, this section clarifies existing FDIC authority as receiver or conservator to enforce written conditions or agreements. This section eliminates the requirement that the insured depository institution receiving the transfer be undercapitalized at the time of the transfer.

Section 703. Cross guarantee authority

This section clarifies the scope of cross guarantee liability to include all insured depository institutions commonly controlled by the same company.

Section 704. Golden parachute authority and nonbank holding companies

This section clarifies that the authority to prohibit golden parachute payments includes nonbank holding companies as well as depository institution holding companies.

Section 705. Amendments relating to change in bank control

This section amends the Change in Bank Control Act to clarify the bases for which change-in-control notices may be disapproved and to expand the bases for extensions of time for consideration of certain notices raising novel or significant issues.

Section 706. Amendment to provide the Federal Reserve Board with discretion concerning the imputation of control of shares of a company by trustees

This section permits the Federal Reserve Board to waive the attribution rule in section 2(g)(2) of the Bank Holding Company Act (12 U.S.C. 1841(g)(2)) in appropriate circumstances. It is expected that the Federal Reserve Board would grant such a waiver only in situations where the facts and circumstances indicate that the company does not have the ability to control the shares held on behalf of its shareholders, members or employees. This attribution rule currently provides that, for purposes of the Bank Holding Company Act, a company is deemed in all circumstances to own or control any shares that are held by a trust (such as an employee benefit plan) for the benefit of the company or its shareholders or employees.

Section 707. Interagency data sharing

GLBA gave the Federal Reserve Board authority to provide confidential supervisory information concerning an examined entity to another supervisory authority, an officer, director, or receiver of the examined entity, or any other person determined by the supervisory agency to be appropriate. This section gives the same authority to all federal banking agencies.

Section 708. Clarification of extent of suspension, removal, and prohibition authority of Federal banking agencies in cases of certain crimes by institution-affiliated parties

This section clarifies that the appropriate Federal banking agency may suspend or prohibit individuals charged with certain crimes from participation in the affairs of any depository institution and not solely the insured depository institution with which the institution affiliated party is or was associated. This section further clarifies that the section 8(g) remedy may be imposed even where the institution with which the individuals were associated ceases to exist. The proposed amendment also allows the appropriate Federal banking agency to suspend or remove an individual who attempts to become involved in the affairs of an insured depository institution after being charged with a crime involving dishonesty or a

breach of trust and clarifies the standards and process for issuing a suspension or removal order in situations where an individual terminates his or her affiliation with one depository institution after being charged with a crime, but then becomes or seeks to become affiliated with another.

Section 709. Protection of confidential information received by Federal banking regulators from foreign banking supervisors

This section provides that a Federal banking agency may not be compelled to disclose information received from a foreign regulatory or supervisory authority if public disclosure of the information would violate the laws applicable to that authority and the agency obtained the information in connection with the administration and enforcement of Federal banking laws or under a memorandum of understanding between the authority and the agency. This section also provides that such information would be exempt under FOIA, but does not authorize an agency to withhold information from Congress or in response to a court order.

Section 710. Prohibition on participation by convicted individuals

This section would prohibit a person convicted of a criminal offense involving dishonesty, a breach of trust, or money laundering from participating in the affairs of a bank holding company or an Edge or Agreement Corporation, without the consent of the Federal Reserve Board, and from participating in the affairs of a savings and loan holding company or any of its nonthrift subsidiaries, without the consent of the Office of Thrift Supervision ("OTS"). Foreign banks and nonbank subsidiaries of a bank holding company are excluded.

Section 711. Coordination of State examination authority

This section is intended to improve coordination of supervision of multi-state state-chartered banks, by clarifying how state-chartered institutions with branches in more than one state are examined. While giving primacy of supervision to the chartering or home state, this section requires the home state bank supervisor to abide by any written cooperative agreement relating to coordination of exams and joint participation in exams, with the host state supervisor where an out-of-state branch is located. Unless otherwise permitted by a cooperative agreement, only the home state supervisor may charge state supervisory fees on the bank. If a branch in a host state resulted from certain interstate merger transactions, the host state supervisor may, with written notice to the home state supervisor, examine the branch for compliance with host state consumer protection laws. If permitted by a cooperative agreement or if the out-of-state bank is in a troubled condition, the host state supervisor may participate in the examination of the bank by the home state supervisor to ascertain that branch activities are not conducted in an unsafe or unsound manner. If the host state supervisor determines that a branch is violating host state consumer protection laws, the supervisor may, with written notice to the home state supervisor, undertake enforcement actions. This section does not limit in any way the authority of federal banking regulators and does not affect state taxation authority.

Section 712. Deputy Director; succession authority for the Director of the OTS

This section authorizes the Treasury Secretary to appoint one or more individuals within the OTS to serve as Acting Director in order to promote agency continuity of leadership during a vacancy in the office of the Director of the OTS or in the absence or disability of the Director of the OTS. An Acting Director shall serve until a permanent Director is confirmed.

Section 713. OTS representation on Basel Committee on Banking Supervision

This section amends International Lending Supervision Act of 1983 to give the OTS equal representation on the Committee on Banking Regulations and Supervisory Practices of the Group of Ten Countries and Switzerland (Basel Committee).

Section 714. Federal Financial Institutions Examination Council

This section adds a representative State regulator as a full voting member on the Federal Financial Institutions Examination Council.

Section 715. Technical amendments concerning enforcement actions

This section clarifies that a Federal banking agency may take enforcement action against a person for conduct that occurred during his or her affiliation with a banking organization even if the person resigns from the organization, regardless of whether the enforcement action is initiated through a notice or an order. This section also makes a parallel amendment to the Federal Credit Union Act.

Section 716. Clarification of enforcement authority

This section amends section 8 of the Federal Deposit Insurance Act to clarify authority to enforce conditions imposed in connection with a notice, including a change-in-control notice. It also makes similar changes to Section 206 the Federal Credit Union Act.

Section 717. Federal banking agency authority to enforce deposit insurance conditions

This section amends section 8 of the Federal Deposit Insurance Act to provide each of the other three appropriate Federal banking agencies with express authority to enforce conditions imposed in writing in connection with the approval of an institution's application for deposit insurance.

Section 718. Receiver or conservator consent requirement

This section requires the consent of the receiver or conservator before a party to a contract to which a depository institution or credit union is a party could exercise any right or power to terminate, accelerate, or declare a default under any contract, or to obtain possession of or exercise control over any property of the institution or affect any contractual rights of the institution or credit union.

Section 719. Acquisition of FICO scores

This section amends the Fair Credit Reporting Act to define an FDIC or National Credit Union Administration ("NCUA") request

for FICO scores as part of its preparation for a resolution as a permissible purpose, enabling the FDIC or NCUA to obtain FICO scores by contacting credit reporting agencies and to obtain current consumer credit reports.

Section 720. Elimination of criminal indictments against receiverships

This section amends the Federal Deposit Insurance Act to require that any criminal indictment against a bank be dismissed if the FDIC is appointed receiver of that bank. This section also amends the Federal Credit Union Act to require that any criminal indictment against a credit union be dismissed if the NCUA is appointed receiver of that credit union.

Section 721. Resolution of deposit insurance disputes

This section clarifies that the Administrative Procedures Act standard of review, the 60-day limitation period, and U.S. district court jurisdiction apply to the FDIC's final determination of insurance coverage whether made pursuant to procedural regulations or not. Similar clarifications are made to the Federal Credit Union Act.

Section 722. Recordkeeping

This section permits the FDIC and NCUA to destroy records that are 10 or more years old at the time of its appointment as receiver, unless directed not to do so by a court or a government agency or prohibited by law.

Section 723. Preservation of records

This section provides that the FDIC and NCUA may rely upon records preserved electronically, such as optically imaged or computer scanned images.

Section 724. Technical amendments to information sharing provisions in the Federal Deposit Insurance Act

This section amends section 11(t) of the Federal Deposit Insurance Act to clarify that the FDIC is a "covered agency" for purposes of privilege, regardless of the type of failed depository institution to which transferred information pertains.

Section 725. Technical and conforming amendments relating to banks operating under the Code of Law for the District of Columbia

This section makes technical and conforming amendments reflecting the transfer of authority for the supervision and regulation of District banks from the OCC to the FDIC.

Section 726. Technical corrections to the Federal Credit Union Act

This section makes technical corrections to the Federal Credit Union Act.

Section 727. Repeal obsolete provisions of the Bank Holding Company Act of 1956

This section eliminates certain outdated provisions of the Bank Holding Company Act that no longer have any effect.

Section 728. Development of model privacy forms

This section directs the agencies to develop jointly a model form of privacy notice to satisfy the requirements of GLBA that is succinct, comprehensible to consumers and enables consumers to compare privacy practices among financial institutions. A financial institution that elects to provide the model form developed by the agencies shall be deemed to be in compliance with the disclosures required under Section 503 of GLBA.

Section 801. Exemption for certain bad check enforcement programs

Over five hundred State or district attorneys across the country operate pre-trial diversion programs for alleged bad check offenders so that those individuals can avoid criminal prosecution if they voluntarily participate in these programs. These programs have been in operation for over twenty years. The programs typically require restitution to the harmed merchant, a class designed to discourage the writing of bad checks in the future, and the payment of a fee to cover the class and the administrative burden on the State or district attorneys.

In some instances, however, the State or District attorneys contract with private entities to help administer these programs and several lawsuits have been filed contending that the private entities are in violation of the Fair Debt Collection Practices Act ("FDCPA"). This provision amends the FDCPA to exempt those entities provided they comply with the safeguards outlined in the provision. These requirements include the following: comply with the penal laws of the state in which they operate; conform their activities to the terms of their contract and the directives of the State or district attorney; not exercise any independent prosecutorial discretion; contact alleged offenders only as a result of a determination by the State or district attorney that there is probable cause of a bad check violation under State penal law and that contact with the offender is appropriate; communicate in writing a clear and conspicuous statement that the alleged offender may dispute the validity of alleged bad check violation, and assert via a crime report that the alleged bad check was actually stolen, forged, or related to identity theft or some other fraud; and charge only fees in connection with the services that have been authorized by the contract with the State or district attorney.

If the alleged offender disputes the validity of the allegation and notifies either the private entity or State or district attorney in writing within 30 days after demand for payment has been sent, then restitution efforts have to be halted until the State or district attorney or their authorized employees determine there is probable cause to believe a crime has been committed.

Finally, this provision excludes certain types of checks from the program, such as: a postdated check presented in connection with payday loans or similar transactions where the payee knew the issuer had insufficient funds when the check was written; a stop payment order where the issuer acted in good faith and had reasonable cause to stop payment; a check dishonored because of an adjustment to the issuer's account by his or her financial institution without notice to the issuer of the adjustment; a partial payment check where the payee had accepted that form of payment previously; a check issued by a person who was incompetent or not

of legal age to issue checks; or a check issued to pay an obligation arising from a transaction that was illegal in the jurisdiction of the State or district attorney.

Section 901. Collateral modernization

This section makes changes to 31 U.S.C. 9301 and 31 U.S.C. 9303 that allow the Secretary of the Treasury to determine the types of securities that may be pledged in lieu of surety bonds and require that the securities be valued at current market rates.

Section 1001. Study and report by the Comptroller General on the currency transaction report filing system

This section requires a study by the Comptroller General on the volume of currency transaction reports filed with the Treasury, including, if appropriate, recommendations for changes to the filing system.

Section 1002. Study and report on institution diversity and consolidation

This section requires a study by the Comptroller General on the cost and overall regulatory regime of the financial services industry.

COST ESTIMATE

MAY 18, 2006.

Hon. RICHARD C. SHELBY,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Financial Services Regulatory Relief Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kathleen Gramp (for federal costs), Barbara Edwards (for revenues), Sarah Puro (for the state and local impact), and Judith Ruud (for the private-sector impact).

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

Financial Services Regulatory Relief Act of 2006

Summary: This bill would affect the operations of financial institutions and the agencies that regulate them. It would allow the Federal Reserve System to pay interest on certain reserve balances of depository institutions that are held on deposit at the Federal Reserve, and would give the Board of Governors of the Federal Reserve greater flexibility in setting reserve requirements. Other provisions would modify the regulatory standards for certain types of financial transactions, expand and clarify federal authorities and procedures for enforcing regulations, and give financial regulatory agencies more flexibility in sharing data, retaining records, and scheduling examinations. Finally, the bill would allow federal agencies to lease land to credit unions without charge and direct the

Government Accountability Office (GAO) to conduct various studies.

CBO estimates that enacting this bill would reduce federal revenues by $1.0 billion over the 2007–2011 period and by a total of $2.4 billion over the 2007–2016 period. In addition, we estimate that direct spending would increase by $2 million over the 2007–2011 period and by a total of $6 million over the 2007–2016 period. Provisions affecting programs funded by annual appropriations would cost another $1 million in 2007, CBO estimates.

The legislation contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the cost of complying with the requirements would be small and would not exceed the threshold established in UMRA ($64 million in 2006, adjusted annually for inflation).

The bill contains several private-sector mandates as defined in UMRA. Those mandates would affect certain depository institutions, nondepository institutions that control depository institutions, uninsured banks, certain holding companies, and parties with contracts or agreements with depository institutions that go into conservatorship or receivership. At the same time, the bill would relax some restrictions on the operations of certain financial institutions. CBO estimates that the aggregate direct costs of complying with the private-sector mandates in the bill would not exceed the annual threshold established by UMRA ($126 million in 2006, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of this bill is shown in Table 1.—The costs of this legislation fall within budget function 370 (commerce and housing credit).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF THE FINANCIAL SERVICES REGULATORY RELIEF ACT OF 2006

	By fiscal year, in millions of dollars—										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CHANGES IN REVENUES[a]											
Estimated Revenues	0	−192	−192	−202	−212	−221	−242	−253	−266	−293	−308
CHANGES IN DIRECT SPENDING											
Estimated Budget Authority	0	(*)	(*)	(*)	1	1	1	1	1	1	1
Estimated Outlays	0	(*)	(*)	(*)	1	1	1	1	1	1	1
CHANGES IN SUBJECT TO APPROPRIATION											
Estimated Authorization Level	0	1	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	1	0	0	0	0	0	0	0	0	0

[a] Negative revenues indicate a reduction in revenue collections.
Note: * = Revenue loss or spending of less than $500,000.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted near the end of fiscal year 2006.

Most of the budgetary impact of this legislation would result from provisions allowing the Federal Reserve System to pay interest on certain reserve balances. Enacting this bill also would affect the workload at agencies that regulate financial institutions. We estimate that the net change in agencies' spending would not be significant. Based on information from each of the agencies, CBO estimates that the change in administrative expenses—both costs and potential savings—would average less than $500,000 a year over the next several years. Expenditures of the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration (NCUA), and the Federal Deposit Insurance Corporation (FDIC) are classified as direct spending and would be covered by fees or insurance premiums paid by the institutions they regulate. Any change in spending by the Federal Reserve would affect net revenues, while adjustments in the budgets of the Securities and Exchange Commission (SEC) and Government Accountability Office would be subject to appropriation.

Revenues

The legislation would allow the Federal Reserve System to pay interest on any reserve balances held on deposit at the Federal Reserve by insured depository institutions. The Board of Governors of the Federal Reserve Board would have greater flexibility in setting reserve requirements. CBO estimates that the bill would reduce revenues by $1.0 billion over the 2007–2011 period and by $2.4 billion over the 2007–2016 period.

The initial budgetary effect of the bill would be a decrease in the payment of profits from the Federal Reserve System to the U.S. Treasury. The Federal Reserve remits its profits to the Treasury, and those payments are classified as governmental receipts, or revenues, in the federal budget. Any additional income or costs to the Federal Reserve, therefore, can affect the federal budget. The Federal Reserve's largest source of income is interest from its holdings of Treasury securities. In effect, the Federal Reserve invests in Treasury securities the reserve balances and issues of currency that constitute the bulk of its liabilities. Since the Federal Reserve pays no interest on reserves or currency, and the Treasury pays the Federal Reserve interest on its security holdings, the Federal Reserve earns profits.

By allowing the Federal Reserve to pay interest on reserves, the bill would decrease the Federal Reserve's profits and thereby reduce federal revenues. This budgetary response has three significant components. First, the Federal Reserve's payment of interest on required reserve balances held at Federal Reserve banks would tend to reduce governmental receipts. CBO anticipates that some depository institutions and depositors would respond to the interest payments on reserves by shifting funds out of consumer "retail" sweep accounts and into demand deposit accounts. This secondary response would increase required reserve balances although the Federal Reserve would be expected to offset a portion of that increase by lowering reserve requirements. The net increase in reserves would partially offset the loss in federal revenues from the

payment of interest on reserves. Finally, those net reductions in Federal Reserve receipts would act like reductions in indirect business taxes, generating increases in other incomes in the economy and subsequently higher income and payroll taxes. Those higher income and payroll taxes would offset the declines in Federal Reserve receipts by an estimated 25 percent, roughly the marginal tax rate on overall incomes in the economy.

Allowing the Federal Reserve to Pay Interest on Reserve Balances. Depository institutions hold three types of balances at the Federal Reserve—required reserve balances, contractual clearing balances, and excess reserve balances. Required reserve balances are the balances that a depository institution must hold to meet reserve requirements. Depository institutions may also hold additional balances, called required or contractual clearing balances, which can earn an implicit rate of interest in the form of an interest credit that is used to defray fees for Federal Reserve services. Contractual clearing balances have risen over the past decade from under $2 billion in 1990 to between $6.5 billion and $7.0 billion today. Excess reserves are funds held at reserve banks in excess of a depository institution's required reserve and contractual clearing balances.

Interest on Required Reserve Balances. The budgetary effect of interest on required reserve balances consists of three components. First, the bill would result in the Federal Reserve paying interest on the required reserve balances expected under current law, thus reducing its net income and, therefore, governmental receipts. Second, the payment of interest on reserves would cause demand deposit balances at depository institutions to increase. That increase would raise the amount of reserve balances held at the Federal Reserve, although the increase would likely be diminished by actions taken by the Federal Reserve to reduce reserve requirements. The higher reserve balances at the Federal Reserve would increase its earnings because it would invest the balances at a higher rate than it would pay on them. This change in projected reserves would increase governmental receipts, but would only partially offset the loss caused by the payment of interest on reserves projected under current law. Third, the net reduction in the Federal Reserve's receipts from the first two effects would be partially offset by increased income and payroll tax receipts.

Interest Payments on Required Reserves Projected Under Current Law. Because depository institutions currently do not earn a return on required reserve balances, they have an incentive to minimize such balances. Required reserve balances measured almost $30 billion at the end of 1993, but generally have ranged between $7.5 billion and $12 billion in the past year. The expansion of retail and business sweep accounts has caused this general decline. In typical sweep accounts, banks shift their depositors' funds from demand deposits, against which reserves are required, into other depository accounts, against which reserves are not required. The banks shift the funds back to the demand deposit accounts the next business day, or when needed by the depositor. Sweep accounts for business demand deposits have existed in various forms since the early 1970s. They originated and grew in importance because financial institutions cannot pay interest on business demand deposits. Advances in computer technology in the 1990s made the shifting of

funds feasible for many consumer accounts as well. Under current law, CBO expects the expansion of retail and business sweep accounts to continue, in part because of the effects of rising interest rates. CBO expects required reserve balances to decline to about $6.5 billion over the next two years and to rise gradually in subsequent years, with growth in the economy.

Under this bill, the Federal Reserve would be allowed to choose the interest rate it pays on reserve balances, although the rate chosen could not exceed the general level of short-term interest rates. Staff at the Federal Reserve have indicated that the Federal Reserve would choose an interest rate near the key short-term rate, the federal funds rate. The likely rate would be 10 to 15 basis points lower than the federal funds rate to account for the lack of risk. Accordingly, CBO assumes that the Federal Reserve would pay interest only on required reserves at a rate of 10 to 15 basis points below the federal funds rate.

CBO projects that the federal funds rate will average about 4.75 percent in 2007 and 4.5 percent over the nine-year period from 2008 through 2016. The payment of interest on reserves is assumed to start early in fiscal year 2007. CBO projects that the legislation would cause the Federal Reserve to pay interest to depository institutions of about $300 million in 2007 on about $6.5 billion of required reserve balances expected under current law. Throughout the projection period, the interest paid to depository institutions would be higher because required reserves under current law will grow based on growth of the economy. Such interest payments would total about $1.6 billion over the 2007–2011 period and $3.6 billion over the 2007–2016 period. Those payments would reduce the profits of the Federal Reserve—and thus its payments to the Treasury—by the same amount (see Table 2).

Projected Impact of the Bill on the Volume of Reserves. If the Federal Reserve pays interest on required reserve balances, there would be a second budgetary effect on the Federal Reserve that would reduce, but not eliminate, the net revenue loss from the payment of interest. In particular, CBO expects that reserve balances would increase because depository institutions would close a significant share of their retail sweep accounts and, as a result, maintain a higher level of required reserves. Under current law, depository institutions are already allowed to pay interest on consumer demand deposits. By closing a significant share of the retail sweep accounts, depository institutions could eliminate the costs of maintaining the sweep accounts and receive a return on their required reserves, although presumably at a lower rate than what they could receive if they invested the funds in other ways. The payment of interest on reserves would have no effect on business sweep accounts because it would offer no incentive to businesses to discontinue their current practices regarding sweep activity. (The bill would not lift the ban on interest payments on business demand deposits.)

TABLE 2.—ESTIMATED BUDGETARY IMPACT OF PAYING INTEREST ON RESERVE BALANCES

	By fiscal year, in millions of dollars										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CHANGES IN REVENUES											
Revenues from Federal Reserve:											
Interest on Required Reserves	0	−299	−298	−313	−328	−343	−359	−375	−395	−416	−437
Profits from Increased Reserves	0	43	42	44	46	48	36	38	40	25	27
Net Effect on Revenue from Federal Reserve	0	−256	−256	−269	−282	−295	−323	−337	−355	−390	−410
Income and Payroll Tax Offsets	0	64	64	67	71	74	81	84	89	98	103
Net Effect of Allowing Interest on Reserves	0	−192	−192	−202	−212	−221	−242	−253	−266	−293	−308

Note: Numbers may not add up to totals because of rounding.

CBO estimates that depository institutions would eliminate approximately 30 percent of retail sweep accounts currently in existence by 2009 and half of those that otherwise would be established. As a result, demand deposits for which reserves are required would increase at depository institutions.

The increase in reserves from the closing of many sweep accounts would likely provide the Federal Reserve with more reserves than needed for implementing monetary policy. The legislation would relax the current lower bound on reserve requirements, therefore providing the Federal Reserve with the option of lowering reserve requirements, perhaps substantially, in the face of increasing reserves. The Federal Reserve has indicated that it would study possible strategies for setting reserve requirements in such an environment.

Under current law, the Federal Reserve can set reserve requirements as high as 14 percent and as low as 8 percent of transactions deposits (above a fixed threshold). The Federal Reserve has kept the requirement at 10 percent for most transactions deposits since 1992. The legislation would remove the lower limit of 8 percent.

CBO assumes the Federal Reserve would offset a part of the increase in reserve balances by lowering reserve requirements. The magnitude and timing of such changes is very uncertain, but CBO assumes that required reserves would be maintained at roughly $10 billion to $15 billion, which is consistent with balances in the past five years.

As a result, CBO projects that required reserve balances would be greater than under current law and thus generate additional net income to the Federal Reserve. Although the Federal Reserve would pay interest on the added reserves at approximately the federal funds rate, it would invest the reserves in Treasury securities, earning a rate of return approximately 0.6 of a percentage point more than it pays. As a result of that differential, the Federal Reserve would generate additional profits of about $223 million over the 2007–2011 period and $389 million over the 2007–2016 period.

Projected Offsetting Impact on Tax Revenues. Allowing interest on required reserve balances held at the Federal Reserve would have a third budgetary effect, which would also partially offset the decline in revenue from the payment of interest on current balances. The current reserve requirement on depository institutions, without provision of interest, is like an indirect business tax. Allowing interest payments on reserves, therefore, would generate the same economic effects as does removing an excise tax. Assuming that GDP remains unchanged, reductions in excise tax receipts generate equal increases in other incomes in the economy. The higher incomes produce increases in income and payroll taxes that offset an estimated 25 percent of the reduction in excise tax receipts, roughly the marginal tax rate on overall incomes in the economy. In this case, a quarter of the loss in receipts to the Treasury from the Federal Reserve would be offset by an increase in income and payroll tax receipts. CBO estimates that the loss in Federal Reserve receipts would total $1.4 billion from 2007 through 2011, offset partially by an increase in income and payroll taxes of $340 million. Over the 2007–2016 period, the loss in Federal Reserve receipts would total about $3.2 billion, and the increase in income and payroll taxes would total about $0.8 billion.

Impact on Other Balances Held at the Federal Reserve. The estimate assumes no change in the current arrangements regarding contractual clearing balances. However, a great deal of uncertainty exists regarding how the Federal Reserve would structure its policy regarding contractual clearing balances if this legislation was enacted. A change in that policy could affect federal revenues, but the staff at the Federal Reserve have provided no clear indication of whether a change would occur or what any change would entail except to indicate that one policy would be prescribed for all depository institutions regarding contractual clearing balances. CBO believes that the Federal Reserve would choose not to pay interest on excess reserve balances, unless required reserve balances fall to such a low level that interest on excess reserves would be needed to build reserves. That is an unlikely scenario.

Direct spending

CBO estimates that enacting this legislation would increase direct spending by $2 million over the 2007–2011 period and $6 million over the 2007–2016 period by reducing offsetting receipts collected from credit unions that lease federal facilities. Enacting the bill also could affect the cost of deposit insurance, but CBO has no basis for estimating the amount of the net change in spending that would result.

Credit Union Leases. Section 501 would allow federal agencies to lease land to federal credit unions without charge under certain conditions. Under existing law, agencies may allocate space in federal buildings without charge if at least 95 percent of the credit union's members are or were federal employees. Some credit unions, primarily those serving military bases, have leased federal land to build a facility. Prior to 1991, leases awarded by the Department of Defense (DoD) were free of charge and for terms of up to 25 years; a statutory change enacted that year limited the term of such leases to five years and required the lessee to pay a fair market value for the property. According to DoD, about 35 credit unions have leased land since 1991 and are paying a total of about $525,000 a year to lease federal property. Those proceeds are recorded as offsetting receipts, and any spending of those payments is subject to appropriation.

CBO expects that enacting this provision would result in a loss of offsetting receipts from all credit union leases. Those lessees currently paying a fee would stop making those payments after they renew their current leases, all of which should expire within the next five years. In addition, credit unions that have long-term, no-cost leases would be able to renew them without becoming subject to the fees they otherwise would pay under current law. CBO estimates that enacting this provision would cost a total of about $2 million over the next five years and an average of about $700,000 annually after 2011.

Deposit Insurance. Several provisions in the bill could affect the cost of federal deposit insurance. For example, the bill would enhance the ability of the FDIC and NCUA to negotiate with other parties regarding the disposition of certain assets of failed institutions. Such changes could reduce the government's losses from future failures in some circumstances. It is also possible, however, that some of the new business arrangements authorized by the bill

could increase the risk of losses to the deposit insurance funds. The net budgetary impact of such changes would likely be negligible over time because any significant increase or decrease in costs would be offset by adjustments in the insurance premiums paid by banks, thrifts, or credit unions.

Spending subject to appropriation

The legislation also would affect spending for activities funded by annual appropriations. It would direct the GAO to prepare two studies, one related to currency transaction reports filed with Department of the Treasury, and one on issues related to the effectiveness and efficiency of the current approach to regulating financial institutions. Based on information from GAO, CBO estimates that completing those studies would cost about $1 million in 2007.

The bill also would require the SEC to issue new regulations on various matters, exempt thrift institutions from certain registration requirements, and exempt certified public accountants from certain disclosure requirements. Based on information from the SEC, CBO estimates that the budgetary effects of those changes would not be significant.

Estimated impact on State, local, and tribal governments: The legislation contains intergovernmental mandates, as defined in UMRA, because it would limit certain fees that bank supervisors may impose on banks not domiciled in their state and place certain notification requirements on bank supervisors. The bill also would preempt state laws if banks or credit unions go into receivership. Based on information from industry authorities and state entities, CBO estimates that these provisions would impose minimal costs, if any, on state, local, and tribal governments that would not exceed the threshold established in UMRA ($64 million in 2006, adjusted annually for inflation).

Other provisions of the bill would impose no costs on state, local, or tribal governments.

Estimated impact on the private sector: The bill contains several private-sector mandates as defined in UMRA. The mandates in the bill would impose:

- Requirements on certain insured depository institutions and parties affiliated with such institutions with respect to safety and soundness;
- Restrictions on parties with certain contracts or agreements with depository institutions that go into conservatorship or receivership; and
- Restrictions on participation in the affairs of certain financial institutions by people convicted of certain crimes.

At the same time, the bill would relax some restrictions on the operations of certain financial institutions. CBO estimates that the aggregate direct costs of mandates in the bill would not exceed the annual threshold established in UMRA ($126 million in 2006, adjusted annually for inflation).

Enhanced safety and soundness enforcement

The bill would expand and enhance some of the authorities of federal banking agencies with respect to troubled or failing institutions, and certain parties affiliated with those institutions. For example, the bill would enhance the authority of banking agencies to

enforce certain conditions imposed on depository institutions and parties affiliated with such institutions. The bill also would make companies that control depository institutions subject to certain authorities of the FDIC. Based on information from the FDIC, CBO expects that the cost to the private sector of these expanded authorities would be small.

The Gramm-Leach-Bliley Act allowed new forms of affiliations among depositories and other financial services firms. Consequently, insured depository institutions may now be controlled by a company other than a depository institution holding company (DIHC). The bill would amend current law to give the FDIC certain authorities concerning troubled or failing depository institutions held by those new forms of holding companies.

Cross-Guarantee Authority. Under current law, if the FDIC suffers a loss from liquidating or selling a failed depository institution, the FDIC has the authority to obtain reimbursement from any insured depository institution within the same DIHC. Section 703 would expand the scope of the FDIC's reimbursement power to include all insured depository institutions controlled by the same company, not just those controlled by the same DIHC.

The cost of this mandate would depend, among other things, on the probability of failure of the additional institutions subject to this authority and the probability that the FDIC would incur a loss as a result of those failures. The new authority would apply only to a few depository institutions. Based on information from the FDIC, CBO estimates that the cost of this mandate would not be substantial.

Golden Parachute Authority and Nonbank Holding Companies. Section 704 would allow the FDIC to prohibit or limit any company that controls an insured depository from making "golden parachute" payments or indemnification payments to parties affiliated with troubled or failing insured depositories. (Affiliated parties include directors, officers, employees, and controlling shareholders. Such parties also include independent contractors such as accountants or lawyers who participate in violations of the law or undertake unsound business practices that may cause a financial loss to, or adverse effect on, the insured depository institution.)

Based on information from the FDIC, CBO expects that only a few institutions would be covered by the new authority. In the event that the FDIC exercises this authority, CBO expects that the cost to institutions of withholding such payments would be administrative in nature and minimal, if any.

Receiver or conservator consent requirement

The bill would enhance the ability of the FDIC and NCUA to negotiate with parties to certain contracts or agreements with depository institutions that go into conservatorship or receivership. With some exceptions, the bill would require the consent of the receiver or conservator before any party to a contract with the insured depository institution would be allowed to exercise any right or power to terminate, accelerate, or declare a default under that contract during the 45-day period beginning on the date of conservatorship, or during the 90-day period beginning on the date of appointment of the receiver. The mandate would be on entities that have certain types of contracts with depository institutions that go into con-

servatorship or receivership. Based on information from the FDIC, CBO expects that the cost to the private sector of this provision over the next five years is likely to be minimal.

Restrictions on convicted individuals

Current law prohibits a person convicted of a crime involving dishonesty, a breach of trust, or money laundering from participating in the affairs of an insured depository institution without FDIC approval. The bill would extend that prohibition so that uninsured banks, bank holding companies, and savings and loan holding companies and their subsidiaries could not allow such persons to participate in their affairs without the prior written consent of their designated federal banking regulator.

Assuming that those institutions already screen potential directors, officers, and employees for criminal offenses, the incremental cost of complying with this mandate would be small.

Previous CBO estimate: CBO has transmitted several cost estimates for legislation that contained provisions similar to those in this bill. They include: H.R. 3505, as ordered reported by the House Committee on Financial Services on November 16, 2005 (transmitted on December 8, 2005); H.R. 3505, as ordered reported by the House Committee on the Judiciary on February 15, 2006 (transmitted on February 16, 2006); H.R. 1224, the Business Checking Freedom Act of 2005, as ordered reported by the House Committee on Financial Services on April 27, 2005 (transmitted on May 10, 2005); and H.R. 3508, the 2005 District of Columbia Omnibus Authorization Act, as ordered reported by the House Committee on Government Reform on September 15, 2005 (transmitted on October 12, 2005).

The provisions of this bill that affect direct spending are identical to those in H.R. 3505, and the estimated costs are the same as those shown in CBO's February 15, 2006, estimate. Differences between the estimated revenue impact of this bill and the estimated revenue impacts of H.R. 3505 and H.R. 1224 are due to differences in the legislation and changes in CBO's economic assumptions.

H.R. 3505, as ordered reported by both the House Committee on Judiciary and the House Committee on Financial Services, would preempt certain state securities laws that require agents who represent a federal savings association to register as brokers or dealers if they sell certain products; it would also preempt state laws that regulate certain fiduciary activities performed by insured banks and other depository institutions. This bill does not contain such provisions, and the mandates statements reflect those differences.

H.R. 3505 had a mandate on certain industrial loan companies or industrial banks that is not included in this bill. This bill contains a mandate on parties with certain contracts with depository institutions that go into conservatorship or receivership that was not in H.R. 3505. The other mandates in this bill are similar to those in H.R. 3505. The aggregate cost of complying with the mandates in both bills would fall below UMRA's annual threshold for private-sector mandates.

Estimate prepared by: Federal spending: Kathleen Gramp; Federal revenues: Barbara Edwards; impact on State, local, and tribal

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